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# THE 1982 ONTARIO BUDGET FACT SHEET

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## Economic Outlook

The economy will strengthen during the balance of this year (p. 4).

- Real growth in GPP in the second half of the year should be four per cent on an annual basis.
- By year-end, employment is forecast at 125,000 jobs above current levels.
- Inflation is forecast at 10.7 per cent for 1982 compared to 12.5 per cent last year (p. 4).

## Two-Year Elimination of Small Business Corporate Income Tax

The Provincial corporation income tax for small business, currently at 10 per cent, is to be removed for the next two business taxation years (p. 17). For some 60,000 small businesses, this means:

- that instalment payments are cancelled and refunds will be made of tax already paid; and
- a tax saving in 1982-83 estimated at \$250 million.

## Assisting New Home Buyers

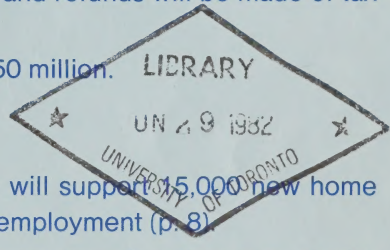
The \$75 million Ontario Renter-Buy Program will support 15,000 new home purchases, representing 38,000 man-years of employment (p. 8).

- Loans of up to \$5,000 will be provided to renters or first-time owners who buy new homes between May 14, 1982 and October 30, 1982.
- Price limits of \$115,000 in and around Metro Toronto, and \$90,000 in the rest of Ontario will apply.

## Direct Job-Creation Program

A \$171 million four-point program to create 31,000 temporary jobs is introduced (p. 5). The four components are:

- a \$15 million Co-operative Project Employment Fund to finance Provincial participation in short-term employment-creation programs in co-operation with the federal government (p. 5). Program target—6,000 jobs;
- an additional \$133 million to speed-up capital projects (p. 6). Program target—14,500 jobs.
  - Focus is on repair and renovation for public buildings, roads and projects sponsored by municipalities, school boards, universities and colleges, plus some forest and fishery projects;





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- a 14.2 per cent increase in funding, to \$91 million, for youth-employment programs (p. 6). Program target — 8,400 additional jobs, to a total of 93,000 jobs; and,
- \$11 million in additional funds for tile drainage and a new Farmstead Improvement Program (p. 7). Program target — 2,100 jobs.

### **Public Sector Restraint**

A public sector wage-restraint program (p. 19):

- salary increases for senior civil servants will be held to six per cent;
- flexibility for somewhat higher adjustments in lower levels of the non-bargaining group; and,
- a proposal to reduce salary increases for MPPs to 6 per cent.

### **Revenue Changes**

To help offset the cost of federal cutbacks in transfer payments amounting to \$290 million, the retail sales tax base is expanded by \$230 million in 1982-83 (p. 10-11).

- Certain items previously exempt from retail sales tax become taxable, such as certain household and personal hygiene products, plants, magazines sold through retail outlets, pets, and building materials purchased by municipalities and other public bodies.
- The labour content of repairs to such things as cars, trucks, appliances, televisions becomes taxable.
- The exemption for candies and confections is adjusted downward from 49¢ to 20¢.
- Tax incentives for vehicles powered by alternative fuels are expanded.

Additional revenue changes which total \$354 million net are proposed (p. 11-13).

- The 7 per cent retail sales tax to be applied to all prepared food and meals. Revenue gain — \$110 million.
- The rate of retail sales tax on accommodations to be reduced from 7 to 5 per cent. Revenue loss — \$10 million.
- OHIP premiums to increase by \$4 per month for a single certificate and \$8 per month for a family certificate, to \$27 and \$54 respectively. Revenue gain — \$170 million.
- Mark-ups for imported and domestic spirits, and domestic beer to be increased, representing 25¢-30¢ per 25-ounce bottle of spirits and 15¢ for 24 bottles of beer. Revenue gain — \$27 million.
- The tax rate on cigarettes and cut tobacco to be increased to 40 per cent, representing 3½¢ per pack of 20 cigarettes. Revenue gain — \$30 million.
- Motor vehicle registration fees to be \$48 in southern Ontario and \$24 in the north for passenger vehicles and \$72 for lightweight commercial vehicles. This will accommodate the new 1983 vehicle registration system. No revenue change.
- A change in the Provincial Land Tax and increases in miscellaneous fees and licences — Revenue gain \$27 million.



### **Encouraging Investment—Corporate Income Tax**

Certain proposals pertaining to corporation income tax contained in the November federal budget will not be paralleled by Ontario (p. 16). The forgone revenue will be \$135 million. For Ontario purposes:

- no change to capital cost allowances in the year of acquisition;
- no change to the definition of resource income for depletion purposes; and,
- no change to existing reserve provisions.

### **1982-83 Fiscal Plan**

An 11.6 per cent increase in expenditures to \$22.7 billion and a 9 per cent increase in revenue to \$20.5 billion, will result in a projected deficit of \$2.2 billion for 1982-83 (p. 20). The plan provides for:

- the deficit to be financed from non-public borrowing and liquid reserves (p. 20); and,
- provincial capital investment for 1982-83 to be \$2.1 billion.







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